

[By Peter Schroeder and Bernie Becker](#)

Democrats are grappling with how to approach another standoff with Republicans over raising the debt limit after abandoning demands for a "clean" increase last time around.

In talks last year, Democrats campaigned vigorously for a debt-ceiling increase that was not paired with spending cuts or deficit reduction, only to drop the demand when the deadline for default approached in early August.

Rep. Peter Welch (D-Vt.), who spearheaded the push for a clean increase, acknowledged the 2011 agreement has forced Democrats into a corner.

"We made a grave mistake," said Welch, who voted against the debt-ceiling deal. "You pass that Rubicon, and you are essentially allowing one side to hold hostage America's reputation for paying its bills."

Republicans, led by House Speaker John Boehner (R-Ohio), have laid out clear conditions for the next debt-limit vote: Any increase needs to be paired with a greater amount of spending cuts or reforms.

Boehner's unequivocal demand has created a dilemma for Democrats, who must decide whether to renew their call for a clean boost, or instead demand that the debt increase be paired with a "balanced" deficit-reduction deal that combines spending cuts and higher revenues.

In the meantime, they are blasting Republicans for tying the debt limit to fiscal reforms, noting that the last debt fight rattled markets and contributed to the first-ever credit downgrade of the United States.

"We believe that it's economically reckless to threaten that the United States will not pay its debts. ... In that sense, we will take the same position," said Rep. Chris Van Hollen (Md.), the ranking Democrat on the House Budget Committee. "On the other hand, we also believe we should reduce the deficit. We should do it in a credible and balanced way."

When the debt limit began to rear its head in early 2011, the official stance of the White House was that the ceiling should be raised as soon as possible and with a minimum of drama.

Treasury Secretary Timothy Geithner sent a stern letter to congressional leaders detailing the dangers of failing to hike the debt limit, painting such an event as "unthinkable."

There are indications that White House officials are again pushing for a clean hike, though they are not being as vocal with the demand.

After a summit with congressional leaders at the White House, Boehner's office said Obama indicated that he would seek a debt-limit boost without any spending cuts attached.

Asked about that characterization, White House press secretary Jay Carney said the president believes "we should not hold the full faith and credit of the United States hostage to one party's political agenda."

House Minority Leader Nancy Pelosi (D-Calif.) echoed Carney's take on the meeting, telling reporters, "Here we go again."

The White House did not respond to a request for clarification on whether it is seeking a clean increase in the debt limit.

Senate Majority Leader Harry Reid (D-Nev.) has indicated an interest in separating the debt-limit fight from broader fiscal fights.

At the White House meeting, Reid said debt-limit talks would be premature, since it is not expected to be an issue until 2013, according to a Senate Democratic aide. The Nevada Democrat also maintained that the debt limit could be dealt with after the automatic spending cuts take effect in January and Congress has dealt with expiring tax rates.

The discussion comes as Republicans look to make the debt limit — and by extension, the growth of federal spending — into a campaign liability for Democrats.

The Treasury Department says Congress will not need to raise the \$16.4 trillion limit until the beginning of 2013. But Boehner argues the need to raise the debt limit is an "action-forcing event" for fiscal reform that can't wait.

Democrats say the stakes of a debt-limit increase are too high to make them contingent on the outcome of a clash over spending, and contend the nation's fiscal issues should be dealt with separately.

But at the same time, they recognize that some final deal will need to be struck with Republicans to raise the limit, making any clean increase a long shot.

"Everyone knows that the debt limit has to be increased — with or without a grand bargain, sequester, cuts or revenues," said a senior Democratic aide. "The debt limit shouldn't be held hostage — it never has under a Republican or Democratic president until last year when the Republicans played with economic fire."

If they discussed fiscal reforms and the debt ceiling in tandem, Democrats would be dealing with GOP lawmakers who have frustrated them in the past by steadfastly standing against tax increases while opposing cuts to the Pentagon.

Last year, with some rank-and-file House Republicans arguing the debt ceiling need not be raised at all, GOP leaders needed Democrats to pass a final agreement. The battle left House

Democrats deeply divided, underscoring their own challenges in unifying around a debt-ceiling approach.

House Democrats were split right down the middle — 95 for, 95 against — in their votes on the debt-ceiling deal, which included \$900 billion in spending cuts and an additional \$1.2 trillion in spending cuts that would trigger if the newly formed supercommittee failed. That scenario came to pass in November.

And while the top three Democrats in the House backed the plan, two leadership members — Reps. John Larson (Conn.) and Xavier Becerra (Calif.) — opposed it.

While the path forward is unclear, Democrats are at least united against the latest GOP budget crafted by Rep. Paul Ryan (R-Wis.), arguing Republicans are exposing their hypocrisy by passing a spending plan that would also require a debt-limit increase.

"They can't be serious when their own budget violates the Boehner Rule," Van Hollen said.